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The One Year Anniversary of NYC's Congestion Pricing Program: Affordability Impacts on Taxi & For-Hire Vehicle Drivers & Passengers

One year into implementation, New York City's congestion pricing program has transformed from a proposal to a policy that touches millions of daily trips, thousands of regulated vehicles, and the financial health of the for-hire industry and the Metropolitan Transportation Authority (MTA). Claims about economic harm or environmental impacts dominated the earliest debates surrounding congestion pricing. Now, we can evaluate how the program is functioning and determine whether it can be refined to advance affordability, sustainability, and other policy goals.

This assessment is particularly important for the taxi, for-hire vehicle (FHV), and bus industries. These sectors are not discretionary users of the roadway; they are essential mobility providers. One year in, many are asking whether congestion pricing, as currently structured, is effectively managing congestion without placing disproportionate burdens on the very services that keep the city moving. In addition, it is worthwhile to consider how Mayor Mamdani's "Fast and Free Buses" policy should be factored into this discussion of transit funding and congestion impacts in the Central Business District and beyond.

What Congestion Pricing Was Supposed to Do

Congestion pricing in New York City was advanced as a policy designed to reduce traffic congestion and pollution in Manhattan's central business district (Manhattan, south of 60th Street), improve bus speeds and transit reliability, and create a dedicated, recurring revenue stream for transit investment.[1] Supporters emphasized that pricing road access would help manage demand in the most congested parts of the city, making travel more predictable and streets safer. At the same time, congestion pricing was framed as a critical funding mechanism for the MTA, unlocking billions of dollars for long-deferred capital projects, including accessibility upgrades, signal modernization, and systemwide state-of-good-repair work.

While congestion pricing aims to reduce traffic and improve mobility, it also allocates new costs among roadway users. With the program fully operational for a year, we can develop a clearer understanding of who is paying, how much, and whether that distribution aligns with the policy's stated goals, particularly for essential mobility providers that operate continuously within the congestion zone.

A Look Back: Lessons from the Global Stage (TRB Session Recap)

On the day congestion pricing launched in 2025, we asked these questions at a Transportation Research Board (TRB) session held that brought together policymakers, regulators, and researchers from cities that have implemented similar programs, offering New York City a valuable perspective.[2] A follow-up TRB session was held early this year, featuring Charles Komanoff, an architect of New York City's congestion pricing program and a former head of Transportation Alternatives; Lisa Daglian, Executive Director of the Permanent Citizens Advisory Committee to the MTA (PCAC); Tilly Chang, Executive Director of the San Francisco County Transportation Authority; Adam Schmidt, Senior Research Associate for the Citizens Budget Commission (CBC); Cody Cook, Assistant Professor of Economics at Yale University; and Dr. Jonathan Peters, Professor of Finance at City University of New York's College of Staten Island and an expert on road pricing. The workshop examined New York City's 2025 congestion pricing implementation, presented early data on travel behavior and economic impacts, and identified lessons learned and insights for other cities considering similar pricing strategies, such as San Francisco, California.

[1] https://congestionreliefzone.mta.info/

[2] https://www.blackcarnews.com/article/the-104th-transportation-research-board-trb-annual-meeting-recap-congestion-pricing-buses-evs-rural-avs-accessibility-international-cooperation

Several themes emerged during these TRB sessions that are relevant to NYC's first year of implementation. First, congestion pricing tends to work best when it accommodates essential and commercial users. Second, legal challenges are common in nearly every jurisdiction, but rarely derail programs entirely; instead, they shape how programs evolve. Third, static pricing structures often underperform, while programs that are regularly monitored and adjusted tend to achieve better outcomes.

Perhaps most importantly, these sessions underscored that congestion pricing is not a "set it and forget it" policy. Successful programs adapt as travel patterns shift, economic conditions change, and impacts on specific user groups become clearer. The question is whether the city and state are prepared to adapt accordingly.

What the Public Data Shows So Far

Publicly-available data from the first year of congestion pricing has been presented by state and city leadership, claiming it is evidence of success. At a press conference marking the program's first anniversary, Governor Kathy Hochul described congestion pricing as "transformational," citing reduced traffic, improved quality of life, and more than $550 million in net revenue generated to support transit upgrades. Mayor Zohran Mamdani and the MTA leadership echoed that assessment, pointing to faster travel times, safer streets, cleaner air, and billions of dollars in capital investment now moving forward.[3]

According to the MTA's first-year report, congestion pricing resulted in approximately 27 million fewer vehicles entering the Congestion Relief Zone (CRZ)—Manhattan below 60th Street—an average daily reduction of more than 73,000 vehicles, or roughly 11 percent.[4] Traffic speeds at crossings into the CRZ improved, particularly during peak periods, with morning rush-hour speeds up more than 20 percent on average and gains reported at several major tunnels and bridges.

Within the CRZ, weekday vehicle speeds were reported to be 4 percent higher than in 2024, while weekend speeds were up by more than 6 percent. MTA bus speeds increased by 2.3 percent, reversing a multi-year decline, while ridership climbed. Notably, however, the MTA did not report on private bus transit operators, who serve many thousands of commuters each day. Again, according to MTA, truck speeds rose by 5.6 percent. Vehicle miles traveled (VMT) within the zone declined by 7.1 percent, and the share of personal vehicles entering the CRZ dropped by six percentage points.

[3] https://www.mta.info/press-release/icymi-less-traffic-better-transit-its-first-anniversary-governor-hochul-celebrates

[4] www.mta.info/document/195631

State and MTA officials have also emphasized benefits beyond Manhattan. Traffic volumes declined along corridors such as the Brooklyn-Queens Expressway, Cross Bronx Expressway, and Major Deegan Expressway, including reductions in truck traffic in several environmental justice communities. Approaches to the CRZ, including Flatbush Avenue, the Gowanus Expressway, and I-495 in New Jersey, also experienced faster travel times.

The MTA has paired these traffic metrics with broader economic and quality-of-life indicators. Manhattan office attendance exceeded pre-pandemic levels in 2025, office leasing activity reached its highest level in more than two decades, storefront vacancies declined within the CRZ, and citywide sales tax receipts grew faster than in surrounding counties. With these economic indicators trending upward in 2025, it should not be surprising that transit ridership entering and within the CRZ increased, with subway trips up 9 percent, express bus trips up 7.8 percent, and local bus trips up 8.4 percent. Preliminary studies have also reported reductions in air pollution, greenhouse gas emissions, traffic crashes, injuries, and fatalities.

What the MTA's Analysis Shows About Taxis and FHVs

The MTA's first-year evaluation report examined the impact on taxis and High-Volume FHV (HVFHV) companies (Uber and Lyft).[5] The report concludes that congestion pricing has not had any impact, positive or negative, for taxi or HVFHVs.

Under the Congestion Relief Zone Tolling Program, taxis and FHVs are eligible for the Per-Trip Charge Plan, which allows them to pay a reduced per-trip fee instead of the full daily toll. HVFHV passengers are charged $1.50 per trip, while passengers of yellow taxis, green taxis, and traditional FHVs are charged $0.75 per trip.[6]

Using data from the NYC Taxi and Limousine Commission (TLC), the MTA analyzed the number of taxi and HVFHV trips to, from, and within the CRZ, as well as vehicle miles traveled.[7] The report notes essential data limitations: TLC records capture only trip pickup and drop-off locations, do not identify trips that merely pass through the CRZ, and do not include black car, luxury limousine, or livery trips because of limitations in their data reports to TLC.

[5] www.mta.info/document/195631
[6] https://congestionreliefzone.mta.info/tolling
[7] https://www.nyc.gov/site/tlc/about/tlc-trip-record-data.page

The analysis found that taxi and HVFHV activity within the CRZ remained relatively stable in 2025 compared with 2024. Average daily CRZ trips across taxi and HVFHVs increased modestly, while total vehicle miles traveled remained largely flat year over year. However, trends differed by industry segment. Between January and August 2025, the number of yellow taxis operating in the CRZ increased by approximately 7 percent, or 650 vehicles per month, while the number of active HVFHVs declined by about 3 percent, or 2,750 vehicles per month. Importantly, this shift began in early 2024—almost a year before congestion pricing took effect—and continued through the program's launch and into 2025. The MTA attributes much of this change to broader industry dynamics, including the expansion of the Flex Fare program, which allows yellow taxis to accept rides from ride-hailing apps (including Uber), rather than to congestion pricing itself. The MTA report notes that rides via the Flex Fare program account for more than 20% of yellow taxi fares, and that the proportion of taxi trips shifted by four percentage points, from 26% to 30%. In contrast, the proportion of HVFHV trips fell by four percentage points, from 73% to 69% (the remaining 1% are traditional FHVs and green cabs).

The MTA concluded that, during the study period (January through August 2025), taxi and HVFHV trips increased by a small amount – approximately 1.4% -- compared to the same period in the previous year, and that, accordingly, congestion pricing did not drive taxis or HVFHVs out of the zone or meaningfully disrupt service. Despite the increased economic activity – increased office leasing, fewer storefront vacancies, more sales tax transactions – the industry as a whole saw very little growth, and the shifts within the industry are most likely the result of one sector (taxis) taking passengers from the other (HVFHV).

Independent (Non-MTA) Analysis of Congestion Pricing's Impacts on Taxis and FHVs

It is not possible to accurately assess the full impact of congestion pricing in little over one year. Part of the difficulty is that we need more data to distinguish between overarching factors, such as the City's economic recovery from the pandemic. In 2025, as compared to 2024, the hotel occupancy rate increased by five percent and Broadway attendance ticked up by 10 percent.[8] Midtown and Midtown South office leasing recovered to pre-COVID levels in 2025.[9]

Given this positive economic picture, it is odd that despite this increased economic activity, taxi and FHV trips to, from, and within the CBD are essentially flat, which is

[8] https://comptroller.nyc.gov/reports/nycs-economy-and-prospects/
[9] https://edc.nyc/sites/default/files/2025-12/NYCEDC-2025-State-of-NYC-Economy_12-12-2025.pdf

what the MTA data shows. This finding is essentially corroborated by my independent analysis of the TLC data, which used a substantially similar dataset as the MTA.[10] According to this research, in 2024 there were just under 109 million taxi and HVFHV trips to, from and within the CBD; in 2025, that number appears to be about 1% lower, at 107.5 million trips. While it is likely that e-hail trips are shifting from HVFHV to yellow taxis, the increase in Flex Fares obscures a startling 15% drop from 2024 to 2025 in street hails to, from and within the CBD, from 30 million in 2024 to 25 million in 2025. This decline may not be attributable to congestion pricing, and may be a result of the increase in Flex Fares. Perhaps, prospective passengers are not seeing as many available yellow taxis and are resorting more quickly to the apps, but it certainly bears monitoring.

These market dynamics matter for the taxi and FHV drivers and others within the industry. But, they also matter for the MTA. Yellow taxis, HVFHVs, and green cabs together account for 27 percent of the congestion pricing program's total anticipated $550 million in net annual revenue, or approximately $149.5 million. Of that amount, roughly 83 percent is attributable to HVFHVs, while approximately 17 percent is attributable to yellow taxis. Green taxis—which are prohibited from picking up passengers within the CRZ—contributed a negligible share, accounting for just 0.03 percent of total revenues.

This breakdown shows that congestion pricing relies heavily on the taxi and FHV industries to generate congestion pricing's revenue. However, the data did not show whether slightly faster travel speeds translate into higher driver productivity, more completed trips per shift, or improved earnings. In other words, the data is a testament to the industry's resilience, but it does not show that the industry is benefiting from the program.

The MTA's findings and the revenue data point to a broader, under-acknowledged dynamic: the MTA's reliance on the health of the taxi and FHV industry. The $150 million in congestion pricing revenue collected last year from taxis and FHVs is only one example of the financial support this industry provides to the MTA. In 2019, New York began imposing a "Congestion Surcharge" of $2.50 on yellow taxi trips and $2.75 on FHV trips that travel to, from, or through Manhattan south of 96th Street. A decade earlier, the state imposed a $0.50 MTA surcharge on NYC taxi trips.

	Yellow Taxis	**FHVs** (black cars, luxury limos, liveries, green cabs)	**HVFHVs**
Per Trip Charge (Congestion Pricing)	$0.75	$0.75	$1.50

[10] MTA and I both rely on publicly available TLC Trip Data, but unlike the MTA's dataset my analysis includes data from October, November 2025, and projected data for December (which is not yet available).

2019 Congestion Surcharge (intrastate trips only)	$2.50	$2.75	$2.75
2009 MTA Surcharge	$0.50	n/a	n/a
Total	$3.75	$3.50	$4.25

These fees add up. A passenger who takes a taxi from, to, or within the CRZ pays the MTA $3.75, and $4.25 if the passenger takes an HVFHV. The Congestion Surcharge and MTA State Surcharge together generate over $370 million in annual revenue for the MTA from passengers. Accordingly, including revenue generated by congestion pricing, the industry is responsible for more than $525 million in annual revenue to the MTA.[11] By comparison, MTA's 2026 budget projects raising $206 million from the MTA bus farebox – taxi riders pay the MTA 2.5 times what bus riders pay.

This has implications beyond the for-hire industry. If congestion pricing revenue depends in meaningful part on the financial stability of taxis and FHVs, then challenges facing those sectors, including the ongoing insurance crisis, are directly tied to the long-term sustainability of the congestion pricing program and the fiscal health of the MTA.[12]

Legal Challenges: What Happened, What Didn't, and Why It Matters

In its first year of operation, New York City's congestion pricing program withstood an initial wave of lawsuits seeking to block its implementation.[13] Every court considering those challenges rejected claims that the program violated the U.S. Constitution, federal environmental law, or New York statutory authority, allowing the tolling framework to move forward intact.

The most serious legal threat now facing the program comes not from private litigants, but from the federal government. For nearly a year, the U.S. Department of Transportation, under the Trump Administration, has attempted to unwind congestion pricing by arguing that federal approval was improperly granted and could be rescinded after the fact. That position prompted the most consequential remaining lawsuit: a case brought by the MTA and New York State seeking to prevent federal interference with an already-implemented program.[14]

In May 2025, a federal judge issued a preliminary injunction barring the federal government from retaliating against New York or the MTA for continuing to operate

[11] Tax revenue collection data available at https://data.ny.gov/Government-Finance/New-York-State-Local-and-Local-Purpose-Taxes-and-F/2vni-8tmb/about_data
[12] https://www.blackcarnews.com/article/utrc-releases-nyc-taxi-and-for-hire-insurance-crisis-report
[13] www.edf.org/sites/default/files/2024-06/Liman%20decision.pdf
[14] See, Metropolitan Transportation Authority v. Duffy, 1:25-cv-01413, (S.D.N.Y.)

congestion pricing. The ruling allowed the program to remain in effect while litigation proceeds and signaled substantial judicial skepticism toward the federal government's position. Notably, the court found that the MTA is likely to succeed on the merits—an important, though not final, determination.

The next major inflection point arrives on January 28, 2026, when oral arguments will be heard in the MTA's case against the United States Department of Transportation (USDOT). The central question is no longer whether congestion pricing can function on a day-to-day basis, but whether USDOT has the legal authority to revoke prior approvals and effectively shut down a program after it has already gone live.

No matter how this case is resolved, the Trump administration remains opposed to the program, and the President continues to promise that he will end it.[15] The administration's first attempt has not worked – yet – but they have other cards left to play. For instance, Congress has not advanced legislation proposed by Representatives Malliotakis or LaLota to end or inhibit congestion pricing, but that may change as the federal transportation bill is negotiated this year.

Several other lawsuits remain active, including challenges brought by trucking interests, two areas of Long Island, and the State of New Jersey.[16] While many claims have already been narrowed or dismissed, these cases will resolve questions about how congestion pricing tolls are structured, how different vehicle classes are treated, and whether charges are proportional to actual congestion impacts.

The legal implications are nuanced. On one hand, congestion pricing sits on firmer legal footing than it did a year ago. On the other hand, courts have not insulated the program from future legal or political challenges arising from its implementation, particularly with respect to exemptions, mitigation measures, and equity across vehicle classes. For example, the newly elected Governor of New Jersey, Mikie Sherrill, has suggested that her administration may pursue retaliatory tolls against New Yorkers who travel to the Garden State. If she follows through, how will Governor Hochul respond?

What's Next for Congestion Pricing

[15] https://thehill.com/policy/transportation/5686905-congestion-pricing-nyc-trump-hochul/

[16] https://www.courtlistener.com/docket/68809198/trucking-association-of-new-york-v-metropolitan-transportation-authority/, https://www.courtlistener.com/docket/69404842/town-of-hempstead-v-hochul/, https://dockets.justia.com/docket/new-york/nysdce/1:2025cv01787/637893, https://www.courtlistener.com/docket/67625362/state-of-new-jersey-v-united-states-department-of-transportation/?entry_gte=10&page=2f

If congestion pricing is to succeed as anything more than a revenue generator for the MTA, policymakers must adjust the system in response to evidence. International models offer a practical roadmap: the most effective programs incorporate dynamic pricing, scheduled review periods, and ongoing stakeholder engagement. In other words, congestion pricing could evolve into a true congestion-management tool rather than a blunt revenue instrument. Here are my latest recommendations:

First, taxis, FHVs, black cars, and buses are not the source of the gridlock the program was designed to address; they are part of the solution. Reduced tolls or complete exemptions during rush hour gridlock alert days for these transportation options may make them more affordable and shift trips from private vehicles to these more efficient, shared mobility choices. This is the approach recommended in our 2022 report ***Equity Impacts of NYC Congestion Pricing on Taxi and For- Hire Vehicle Drivers and Passengers***.[17] Other recommendations in this report that MTA and state vehas not adapted, but should reconsider, include:

- Emphasizing immediate transit improvements in outer borough neighborhoods, particularly economic and environmental justice communities who are accustomed to driving into Manhattan, like increased bus service and bus lane improvement projects.
- The State should create a lockbox for fees collected from all taxi and for-hire vehicle trips to subsidize first and last-mile links to public transit via Mobility-as-a-Service platforms. This funding would also subsidize wheelchair accessible taxicabs and for-hire vehicles as part of the MTA's public paratransit program. These transportation options will help people with disabilities and people in transit deserts get to the subways and buses, while also bolstering the industry that is paying so much to the MTA.
- An honest examination of the economic impacts on professionals who must drive into the CBD (*e.g.*, HVAC repair, delivery truck drivers, etc.). Are those businesses able to effectively "pass the cost" onto the consumer, or is it eating into their bottom line? And if the cost of the congestion pricing toll is being passed onto consumers, is it in fact contributing to the increased price of goods and services?
- An independent examination of the impact of the "double tax" on taxi and for-hire vehicle trips and the ability of passengers to afford the fare.

Secondly, although the law authorizes the MTA to charge up to 25% more on "Gridlock Alert" days, to discourage discretionary car trips into the CRZ on those days where traffic is historically at its worst, Governor Hochul has taken that option off the

[17] https://www.utrc2.org/sites/default/files/pubs/Daus_Equity Implications of Congestion Pricing_2022.pdf#page=15.34

table. This could be a mistake, as anyone who spent any time on the roads during the holiday season can tell you. Maybe the MTA should increase the Congestion Pricing toll for private vehicles on those days, to push people to use more efficient transportation choices, like taxis and FHVs.

Third, although the courts have found that the MTA, New York State and New York City produced sufficient evidence of congestion pricing's environmental impact before congestion pricing was implemented, and although the MTA, New York State and New York City are continually assessing the environmental impacts of the policy, we do not have a comprehensive and independent analysis of the impact of these shifts in travel patterns. That independent analysis is necessary because the MTA's finances depend on congestion pricing revenue, and, therefore, it is appropriate to really probe further on the air quality and other benefits that MTA has found.

Lastly, Mayor Mamdani has proposed a "Fast and Free Buses" initiative. Eliminating the fare is expected to cost the State and City at least $700 million annually. The major question remains as the source of funds. Taxi passengers are already paying more than their fair share to the MTA. If the City and State continue to treat taxi passengers like a piggy bank, they will put the industry's health at risk, they will hurt taxi and FHV driver incomes, and they will undermine a major source of MTA funding. It is a delicate balance and taxi/FHV drivers, who are facing an affordability crisis like all New Yorkers, (including increasing insurance costs), should not be treated like ATM machines.